



# *NEWS RELEASE*

## **PRESS OFFICE**

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**Contact:** Mike Stamler (202) 205-6740

**Internet Address:** [www.sba.gov/news/](http://www.sba.gov/news/)

## ***SBA, FRANCHISE GROUP JOIN TO ENCOURAGE FRANCHISE DEVELOPMENT IN NEW MARKETS***

**WASHINGTON** – The U.S. Small Business Administration (SBA) and the International Franchise Association (IFA) have joined forces to encourage small business franchises in inner cities and rural areas, SBA Administrator Aida Alvarez announced today.

The joint effort is outlined in a partnership agreement signed by SBA and the IFA at the opening here this morning of the International Franchise Expo, a franchise industry trade fair.

**“Small businesses are the building blocks of sustainable economic growth, and they must be the cornerstones of inner city and rural communities,”** Administrator Alvarez said. **“The IFA and the SBA are both working to increase business opportunities. It’s only natural that we work together.**

**“President Clinton has said that the largest pools of untapped investment opportunities and new customers are not beyond our shores, they’re right in our own backyard,”** Administrator Alvarez continued. **“SBA wants to help far-sighted entrepreneurs make the most of these opportunities. By helping to rebuild these communities one small business at a time, we open the doors of opportunity a little wider for everyone.**

**“This agreement with the International Franchise Association commits us both to a broad effort to identify creditworthy entrepreneurs who can combine the know-how of a franchise system, the financing of an SBA-backed loan and the sweat of their own brows and turn that mix into a successful small business,”** Administrator Alvarez said.

The agreement calls on both parties “to use their respective resources to increase franchise opportunities for eligible, creditworthy small businesses in New Markets, and to strengthen the economic and social infrastructures of New Markets.”

Franchisees have been active participants in SBA’s small business loan programs for years. From 1993 to 1998, SBA backed more than 18,600 loans to franchisees in nearly 1,350 franchise systems. The dollar total of those loans exceeds \$5 billion.

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The agreement with IFA builds on hundreds of local and national partnership agreements SBA has reached with organizations representing millions of minority-owned small businesses in the U.S. These organizations include the National Urban League, the NAACP, the Rainbow/PUSH Coalition, the National Black Chamber of Commerce, and the U.S. Hispanic Chamber of Commerce, among others.

Both SBA and IFA will cooperate with local chapters of these and other community-based organizations to identify prospective franchisees.

IFA also has agreed to conduct a series of seminars and conferences to promote franchise opportunities, link franchisors and potential franchisees and highlight the availability of SBA loan guaranties for franchise financing. Conferences under the auspices of IFA's Franchise Trade Delegation (FTD) program have already been held in Miami, FL; Richmond, VA; Washington, D.C., and St. Louis, MO. Others are scheduled this year in Charlotte, NC; Chicago, IL, and New York City. This list of "FTD communities" may subsequently be expanded.

Both SBA and IFE also will encourage lenders to provide capital to creditworthy existing and potential small business franchisees in New Markets.

The agreement also calls for SBA resource partners, including Small Business Development Centers and the Service Corps of Retired Executives, to provide mentoring, business plan development assistance and other technical assistance to prospective franchisees identified in FTD communities and New Markets.

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*To see a list of franchisors whose franchise agreements have been found to comply with SBA loan program requirements, visit the Franchise Registry website at [www.franchiseregistry.com](http://www.franchiseregistry.com).*

*For more information about these and other SBA programs, call the SBA Answer Desk at 1-800-U-ASK-SBA, or visit the SBA's extensive website at [www.sba.gov](http://www.sba.gov).*

*The U.S. Small Business Administration, established in 1953, provides financial, technical and management assistance to help Americans start, run, and grow their businesses. With a portfolio of business loans, loan guarantees and disaster loans worth more than \$45 billion, the SBA is the nation's largest single financial backer of small businesses. Last year, the SBA offered management and technical assistance to more than one million small business owners. The SBA also plays a major role in the government's disaster relief efforts by making low-interest recovery loans to both homeowners and businesses. America's 23 million small businesses employ more than 50 percent of the private workforce, generate more than half of the nation's gross domestic product, and are the principal source of new jobs in the U.S. economy.*

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